

Motor Vehicle Repair Labor & Services Tax

The 2007 Session of the General Assembly enacted legislation, House Bill 3202, which created a special sales tax to be collected by businesses providing certain motor vehicle repair services within the Northern Virginia Transportation Authority effective January 1, 2008, and within the Hampton Roads Transportation Authority effective April 1, 2008.

The new tax is called the Motor Vehicle Repair Labor and Services Tax (Repair Tax). The Repair Tax will be imposed on the charges for labor and services for the repair of motor vehicles provided within the transportation district at the rate of 5 percent.

Motor Vehicle Repair Service Providers with a business physically located in, or who regularly perform repair services in, the following localities are required to collect the Repair Tax:

Northern Virginia Transportation Authority – Effective January 1, 2008: The counties of Arlington, Fairfax, Loudoun, and Prince William; and the cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park.

Hampton Roads Transportation Authority – Effective April 1, 2008: The counties of Isle of Wight, James City, and York; and the cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg

Providers who are subject to the Repair Tax are required to file returns on Form MVR-18 each month. The return and payment for each month are due on the 20th day of the following month. If you are registered for a Repair Tax account, we will mail a preprinted Form MVR-18 to you each month. We also accept the Form MVR-18 prepared using commercial software applications or downloaded from our website.

The Repair Tax does **NOT** apply to the sale of tangible personal property, such as automotive parts. The Repair Tax applies only to labor and service charges. Tangible personal property is subject to the Retail Sales and Use Tax.

- **Do NOT combine Repair Tax and Retail Sales and Use Tax for tangible personal property on one tax return**
- **Repair Tax MUST be reported on Form MVR-18**
- **Retail Sales and Use Tax for tangible personal property MUST be reported on Form ST-9**

If you are liable to collect the Repair Tax but you have not registered for a Repair Tax account, complete a Business Registration Application, Form R-1, and mail it to the Department of Taxation at the address shown on the Form R-1. The Form R-1 is available for download at our website, **www.tax.virginia.gov**.

If you are responsible for collecting both the Retail Sales and Use Tax and the Repair Tax, you will be required to file two tax returns, as indicated above:

- Your Repair Tax account number will contain 15 characters and start with "18".
- Your Retail Sales and Use Tax account number will contain 15 characters and start with "10".

Do NOT combine Repair Tax and Retail Sales and Use Tax for tangible personal property on one tax return. You must file Form MVR-18 to report and remit payment for the Repair Tax and Form ST-9 to report and remit Retail Sales and Use Tax for tangible personal property.

Form MVR-18

For assistance, call (804)367-8037

Motor Vehicle Repair Labor & Services Tax

P. O. Box 26179
Richmond, VA 23260-6179



Name	Account Number
Address	Period
City, State, ZIP	Due Date

Locality Name	Locality Code	A. Enter Gross Repair Charges	B. Enter Exempt Repair Charges & Deductions	C. Taxable Charges (Column A - Column B)
Line 1 - Northern Virginia Transportation Authority - Effective January 1, 2008				
Alexandria	51510			
Arlington	51013			
Fairfax City	51600			
Fairfax County	51059			
Falls Church	51610			
Loudoun	51107			
Manassas	51683			
Manassas Park	51685			
Prince William	51153			
Totals Northern Virginia		1A.	1B.	1C.

Line 2 - Hampton Roads Transportation Authority - Effective April 1, 2008				
Chesapeake	51550			
Hampton	51650			
Isle of Wight	51093			
James City	51095			
Newport News	51700			
Norfolk	51710			
Poquoson	51735			
Portsmouth	51740			
Suffolk	51800			
Virginia Beach	51810			
Williamsburg	51830			
York	51199			
Totals Hampton Roads				

HAMPTON ROADS TRANSPORTATION AUTHORITY EFFECTIVE APRIL 1, 2008

- Total Taxable Charges** Add Line 1C and Line 2C.....
- Tax** Multiply Line 3 by 5% (.05)
- Penalty** for Late Filing (see instructions)
- Interest** for Late Filing (see instructions)
- Total Amount Due** Add lines 4, 5 and 6. Enter on Form MVR-18V, on Page 2.....

I declare that this return (including accompanying schedules and statements) has been examined by me and to the best of my knowledge and belief is true, correct and complete.

Taxpayer Signature _____ Date _____ Phone Number _____

Motor Vehicle Repair Labor and Services Tax - Form MVR-18 Instructions

General: The 2007 Session of the Virginia General Assembly enacted legislation that authorized the Hampton Roads Transportation Authority and the Northern Virginia Transportation Authority to impose in their member localities a sales and use tax on motor vehicle repair services performed for a fee by a Provider at a rate of five percent of the sales price of the repair service.

Repair means the examination, maintenance, servicing, adjustment, improvement, replacement, removal or installation of any part of a motor vehicle, including, but not limited to, body work, painting, oil changes and incidental services such as storage and towing, and excluding the sale of motor fuel, the use of loaner or rental vehicles, and car washes.

Repair services means any labor and services required to repair a motor vehicle.

The Hampton Roads Transportation Authority and the Northern Virginia Transportation Authority have each elected to become a Participating Authority and to impose the Repair Tax in their member localities.

- **Northern Virginia Transportation Authority:** The Repair Tax is effective in the Northern Virginia Transportation Authority member localities **January 1, 2008**. The Northern Virginia Transportation Authority consists of the counties of Arlington, Fairfax, Loudoun, and Prince William and the cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park.
- **Hampton Roads Transportation Authority:** The Repair Tax is effective in the Hampton Roads Transportation Authority member localities **April 1, 2008**. The Hampton Roads Transportation Authority consists of the counties of Isle of Wight, James City, and York and the cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg.

A Provider is any person who or entity that either (1) performs repair services for a fee and has a place of business in a Participating Authority or (2) regularly performs repair services for a fee within a Participating Authority. A Provider shall be deemed to be regularly performing repair services for a fee in a Participating Authority if he enters that Participating Authority to perform repair services for a fee twelve or more times during a calendar year.

Guidelines and Rules for the Motor Vehicle Repair Labor and Services Tax are available at www.tax.virginia.gov and www.hb3202.virginia.gov.

The Repair Tax does not apply to the sale of tangible personal property, such as automotive parts. Tangible personal property is subject to the Retail Sales and Use Tax, which must be reported and remitted separately from the Repair Tax using the Form ST-9. Use the instructions below and Form MVR-18, Virginia Motor Vehicle Repair Labor & Services Tax Return to determine and report the amount of Repair Tax to the Department of Taxation. Form MVR-18 must be filed monthly, on or before the twentieth day of the month following the month in which the tax is collected. You must file the Form MVR-18 even if no Repair Tax was collected and the tax due is \$0. Make a check or money order payable to the "Virginia Department of Taxation." Payments returned by the bank will be subject to a returned payment fee in addition to any other penalties that may be incurred. Forms and schedules are available on-line in the Download Forms section of the website, located at www.tax.virginia.gov. Presently, payment via EFT (Electronic Funds Transfer) or via the internet, is not available.

Change of Ownership: If there has been a change of ownership, do not use the return with the name and account number of the former owner. New owners or organizations must file a new Business Registration Application, Form R-1, to establish a new account.

Change of Address or Out-of Business: If you change your business or mailing address, or if you are completely out of business, complete Form R-3, Registration Change Request, or notify the Virginia Department of Taxation by letter. Send the form or the letter to the Virginia Department of Taxation, P.O. Box 1114, Richmond, Virginia 23218-1114.

Questions: Call (804) 367-8037 or write the Virginia Department of Taxation, P.O. Box 1115, Richmond, Virginia 23218-1115.

INSTRUCTIONS FOR COMPLETING FORM MVR-18

DEFINITIONS

Gross Repair Charges: The total gross dollar amount for any repair services regardless of where performed. For repair services performed outside of a Participating Authority, please see **Recording Taxable Repair Tax transactions**. Do not include sales of repair parts, oil, tires, etc. These

sales must be reported separately on the Retail Sales and Use Tax Return, Form ST-9.

Exempt Repair Charges & Other Deductions: The amount of exempt sales and other deductions. Repair services performed outside of a Participating Authority are exempt. All sales of motor vehicle repair services are subject to the tax until the contrary is established. In the event that a business fails to collect the Repair Tax due on the sales of taxable motor vehicle repair services, the business is liable for the payment of the Repair Tax.

Exemptions: The presentation of a properly executed exemption certificate will relieve the business that obtains it from any liability for the payment or collection of the tax, except upon notice from TAX that the certificate is no longer acceptable. Examples of valid exemptions:

- 1) Charges for motor vehicle repair services provided to the Commonwealth of Virginia, any political subdivision of the Commonwealth of Virginia, the federal government and any agency of the federal government. A completed exemption certificate, Form ST-12, must be received from the customer and maintained by the business.
- 2) Charges for repair services provided to install special equipment on a motor vehicle when purchased by a handicapped person to enable such person to operate the motor vehicle. A completed exemption certificate, Form ST-10B, must be received from the customer and maintained by the business.
- 3) Providers may purchase repair services exempt from the Repair Tax under a valid resale certificate of exemption. A completed exemption certificate, Form ST-10, must be received from the customer and maintained by the business.

Recording Taxable Repair Tax transactions:

- For each business location included on your Form MVR-18 that is located within a Participating Authority, report Gross Repair Charges (Column A) based on the locality in which the service was performed. If you also perform repair services outside of the Participating Authority, report the Gross Repair Charges for the transactions performed outside of the Participating Authority to the locality in which the business performing the repair service is located and then deduct those same Gross Repair Charges in Column B, Exempt Repair Charges and Other Deductions. Maintain documentation to support all deductions for Gross Repair Charges included in Column A and also recorded in Column B as a deduction.
- For each business location included on your Form MVR-18 that is not located within a Participating Authority but regularly performs repair services for a fee in a Participating Authority, report Gross Repair Charges (Column A) based on the locality in which the service was performed.

Line 1 - Northern Virginia Transportation Authority: For each member locality in which taxable Repair Services were performed, enter the Gross Repair Charges, Exempt Repair Charges & Other Deductions, and Taxable Charges. To compute Taxable Charges, subtract Exempt Repair Charges & Other Deductions from Gross Repair Charges for each locality. Record the total for each column on Lines 1A, 1B, and 1C.

Line 2 - Hampton Roads Transportation Authority: For each member locality in which taxable Repair Services were performed, enter the Gross Repair Charges, Exempt Repair Charges & Other Deductions, and Taxable Charges. To compute Taxable Charges, subtract Exempt Repair Charges & Other Deductions from Gross Repair Charges for each locality. Record the total for each column on Lines 2A, 2B, and 2C.

Line 3 Total Taxable Charges: Add Line 1C and Line 2C.

Line 4 – Tax: Multiply the amount on Line 3 by .05% (5%).

Line 5 – Penalty: The late filing penalty is 6% of Line 4 for each month or part of a month the tax is not paid, not to exceed 30%. The minimum penalty is \$10, even if no tax is due.

Line 6 – Interest: For late filing, interest is assessed on Line 4 at the rate established in Section 6621 of the Internal Revenue Code of 1954, as amended, plus 2%.

Line 7 – Total Amount Due: Enter the sum of Lines 4, 5 & 6. Also enter this amount in the applicable boxes on Form MVR-18V.

Be sure to sign, date and enter your phone number in the space indicated.